## Subcontract Checklist and Examples

The following items should be included in all subcontract agreements.
(Please note MDOT approval is not required for subcontracts for less than $25,000.)

1.      MDOT/Prime contract number and authorization number (if applicable).

2.      Prime consultant's name.

3.      Subconsultant's name.

4.      Description of work being performed by the subconsultant, as described in the scope of services.  Include job number(s), control section(s), job number(s), and structure number(s), if applicable.

5.      The basis of payment, maximum contract amount, and fixed fee amount (if applicable) must be written into the subcontract.  A derivation of cost <u>must</u> accompany the subcontract.  The derivation of cost can not be used in lieu of the written basis of payment.  Following are basis of payment options and the recommended contract language.

        Actual Cost: compensation for the services will be on the basis of actual cost and will not exceed $ _____, as set forth in Exhibit _____.

        Actual Cost Plus Fixed Fee: compensation for the services will be on the basis of actual cost plus a fixed fee and will not exceed $ _____, which amount includes a fixed fee of $ _____, as set forth in Exhibit _____.

        Lump Sum: Compensation for the services will be on a lump sum basis in the amount of $ _____, as set forth in Exhibit _____.

        Milestone:  Compensation for the services will be on a milestone basis in the amount of $_____, payable upon completion of defined milestones, as set forth in Exhibit ____.

        Fixed Hourly Rate – Compensation for the services will be on the basis of a fixed hourly rate plus actual direct expenses and will not exceed $ _____, as set forth in Exhibit _____.

        Unit Price:  Compensation for the services will be on the basis of a set unit price and will not exceed $ _____, as set forth in Exhibit _____.

6.      A statement should be included in the subcontract that the subcontract shall be governed by the laws of the State as set forth in the prime agreement.

7.      A statement must be included that <u>all</u> terms and conditions included in the prime agreement are incorporated in the subcontract.  A statement must also be included stating that in the event of a conflict between the terms and conditions of the subcontract and those of the prime agreement, the terms and conditions of the prime agreement shall prevail.

8.      (Optional) Subcontract effective and expiration dates.  If these dates are not provided in the subcontract, the prime agreement's effective and expiration dates will be used.

The subcontract should be submitted to the department for approval prior to execution by the prime consultant and subcontractor.  Once department approval is obtained, the subcontract will be mailed to the prime consultant for execution.  An original signed copy of the subcontract should be returned to MDOT for the contract file.